

DEPARTMENT OF HOUSING

PREDEVELOPMENT LOAN PROGRAM

Program Outline

Purpose: The purpose of the program is to provide loans for predevelopment costs incurred in connection with the construction, rehabilitation, or renovation of housing for low- and moderate-income persons and families.

Eligible Applicants: Non-profit corporations, housing authorities, municipal developers, business corporations or partnerships that include one of the above entities, and for-profit developers.

Eligible Activities: Eligible predevelopment costs are expenses that are not administrative and are necessary before the construction stage of a project begins. Eligible expenses include, without limitation, architectural design up to 100% plans and specifications, feasibility and environmental studies, option payments to acquire the site (acquisition is not eligible), appraisals, and market studies. Procurement must comply with [DOH Procurement Standards](#). Loan funds may not be used to reimburse the borrower for expenditures made prior to the date of application for the loan, including the repayment of other predevelopment financing.

Eligible Projects: Proposed projects must be eligible for financial assistance from DOH.

Standard Financial Terms: Loans are available for up to \$300,000, with a minimum loan of \$50,000. Except as otherwise required by DOH: (a) loans will be provided at 0% interest, with repayment due upon the closing of construction financing for the project and (b) the term of the loan will be up to 24 months. Loans will be expected to be secured by a mortgage on the project property (if owned by the applicant) or by appropriate alternative collateral. Loan terms may differ for for-profit borrowers.

Application Process: Applications are accepted on a rolling basis.

Selection Criteria: The criteria for approval of an application will include the capacity of the applicant and its development team to carry out both the predevelopment activities and the proposed project; the extent to which the proposed project is feasible and effectively addresses the housing needs of low- and moderate- income persons in the surrounding community and the State.